

BEFORE

THE PUBLIC SERVICE COMMISSION OF

SOUTH CAROLINA

DOCKET NO. 2020-5-G - ORDER NO. 2020-__

NOVEMBER __, 2020

IN RE:

Annual Review of Purchased Gas Adjustment
and Gas Purchasing Policies of Dominion
Energy South Carolina, Inc.

) **JOINT PROPOSED ORDER**
) **ON PGA AND ADOPTING**
) **STIPULATION**
)

This matter comes before the Public Service Commission of South Carolina (“the Commission”) for the annual review of the Purchased Gas Adjustment (“PGA”) and the Gas Purchasing Policies of Dominion Energy South Carolina, Inc. (“DESC” or “Company”), as required by Order No. 87-898, issued on August 14, 1987. Pursuant to that order, the Commission opened the present docket for the purpose of conducting DESC’s 2020 annual PGA review. On June 11, 2020, the Commission Clerk’s Office scheduled a hearing for this matter for November 5, 2020, and established prefiling testimony deadlines by issuing a Notice of Hearing and Prefile Testimony Deadlines (“Notice of Hearing”). The Notice of Hearing also set a return date for intervention. The period under review in this docket is August 1, 2019, through July 31, 2020 (“Review Period”).

As the natural gas utility under review, DESC was automatically a party to the proceeding. By letter dated June 11, 2020, the Commission Clerk’s Office instructed the Company to (i) publish the Notice of Hearing in newspapers of general circulation in the affected areas by August 28, 2020, advising all interested parties of the manner and time in which to file pleadings to obtain

the right to participate in this proceeding and (ii) provide proofs of publication by September 18, 2020. The Commission Clerk's Office further instructed DESC to provide notification of the PGA review to each affected customer via bill inserts or by electronic mail to those customers who have agreed to receive notices by electronic mail on or before August 28, 2020, and to provide certification on or before September 18, 2020. The Company timely filed affidavits and proofs of publication to confirm its compliance with the instructions of the Commission Clerk's Office on September 9, 2020.

The South Carolina Office of Regulatory Staff ("ORS") is a party in this matter pursuant to S.C. Code Ann. § 58-4-10. No persons petitioned to intervene in this matter.

On September 22, 2020, DESC pre-filed the direct testimony of witness Felicia D. Howard and the direct testimony and exhibits of witnesses Rose M. Jackson and Rachel R. Elliott. On October 13, 2020, ORS pre-filed the direct testimony and exhibits of witness Daniel F. Sullivan and the direct testimony of witness Anthony M. Sandonato.

On October 23, 2020, ORS and DESC (the "Parties") filed a Stipulation addressing all matters in this docket.

The Commission conducted a virtual hearing in this matter on November 5, 2020, beginning at 10:00 a.m., with the Honorable Justin T. Williams presiding. Matthew W. Gissendanner, Esquire, represented the Company. Alexander W. Knowles, Esquire, and Christopher M. Huber, Esquire, represented ORS.

At the opening of the hearing, Mr. Knowles moved the Stipulation into the evidence of record. The Stipulation is identified, and incorporated herein by reference, as Order Exhibit No. 1.

In support of its PGA and gas purchasing policies and the Stipulation, DESC presented direct testimony from Rose M. Jackson, Felicia D. Howard, and Rachel R. Elliott. DESC witnesses

Jackson, Howard, and Elliott appeared in front of the Commission individually and each provided a summary of their testimony. In support of its review of DESC's PGA and gas purchasing policies, ORS presented direct testimony from Daniel F. Sullivan and Anthony M. Sandonato. ORS witnesses Sullivan and Sandonato appeared before the Commission individually and each presented a summary of their testimony.¹ Consistent with the terms of the Stipulation, the witnesses who pre-filed direct testimony in this proceeding and orally presented such testimony before the Commission were subject to questioning by the Commissioners, but the Parties waived cross-examination.

The Commission has considered the testimony and the exhibits of the witnesses and the other evidence of record in this proceeding including the Stipulation. Based on the evidence of record, the Commission concludes that adoption of the Stipulation is in the best interest of DESC's customers and the State of South Carolina.

In making this finding, the Commission specifically finds that during the Review Period, DESC (a) properly administered the purchased gas adjustment and correctly adjusted the gas cost recovery factors for each customer class in accordance with the terms of Order No. 2006-679 as modified by Order No. 2009-910; (b) employed prudent gas purchasing practices and policies; (c) recovered its gas costs consistent with applicable tariffs and Commission orders and administered the PGA in a prudent and reasonable manner; and (d) was prepared during the Review Period and is currently prepared to meet its firm customers' projected needs via its future supply and capacity asset plans.

¹ The Commission accepted the Stipulation as Hearing Exhibit 1, DESC witness Elliott's exhibits RRE-1 and RRE-2 as Hearing Exhibit 2, DESC witness Jackson's exhibits RMJ-1 and RMJ-2 as Hearing Exhibit 3 and ORS witness Sullivan's exhibits DFS-1 to DFS-2 as Hearing Exhibit 4.

The Commission further finds that the monthly adjustment procedure and notification procedure for total cost of gas factors as adopted in Commission Docket No. 2006-5-G, Order No. 2006-679, as modified in Docket No. 2009-5-G, Order No. 2009-910, should be maintained. The Parties have agreed, and we find it appropriate, that the demand charges included in the total cost of gas factors will continue to be calculated as set forth in Commission Docket No. 2006-5-G, Order No. 2006-679, by distributing such costs among the rate schedules based upon a 50-50 allocation of peak design day demand and annual forecast sales. We further find the allocation factors of Residential 66.66%, Small General Service/Medium General Service 28.60%, and Large General Service 4.74%, as set forth on page 4 of Ms. Elliott's pre-filed direct testimony, to be appropriate for use in the cost of gas calculations beginning with the first billing cycle of January 2021.

We accept the use of the cost of gas calculations for the Review Period, as set forth in Stipulation Hearing Exhibit No. 1, which is attached hereto as Order Exhibit No. 1.

The Commission further approves the authority of DESC to continue to charge and recover carrying costs, if applicable, on the cumulative total (over)/under-collection balances using the same method and with the same limitations as set forth by the Commission in Docket No. 2006-5-G, Order No. 2006-679, for the same reasons set forth in that Order. Pursuant to that Order and in the event of an over-collection balance, carrying costs shall be credited to customers.

Based on the testimony and exhibits and the Stipulation entered into the record of this proceeding, the Commission finds that the Company's gas purchasing policies and practices during the Review Period were reasonable and prudent. The Commission further finds that all matters contained in the Stipulation are appropriate for adoption in this proceeding and therefore finds that the Stipulation is in the public interest and is a reasonable resolution of the issues addressed therein.

NOW THEREFORE, based upon the foregoing, IT IS HEREBY DECLARED AND ORDERED THAT:

1.The Stipulation, which was agreed to by the Parties and accepted into the record without objection, is incorporated into and made a part of this Order as Order Exhibit No. 1. Further, the Stipulation constitutes a reasonable resolution of the issues addressed therein and is hereby adopted as such.

2.During the Review Period, DESC properly administered the purchased gas adjustment. DESC also correctly adjusted the gas cost recovery factors for each customer class in accordance with the terms of Order Nos. 2006-679 and 2009-910, which factors are hereby approved.

3.DESC's gas purchasing policies and practices during the Review Period were within the guidelines established in prior Commission orders and were reasonable and prudent.

4.The appropriate cost of gas calculations for the Review Period are set forth in Order Exhibit No. 1.

5.The demand charges included in the total cost of gas factors should continue to be calculated as set forth in Commission Docket No. 2006-5-G, Order No. 2006-679, by distributing such costs among the rate schedules based upon a 50-50 allocation of peak design day demand and annual forecast sales.

6.The monthly adjustment procedure and notification procedure for the total cost of gas factors as adopted in Order No. 2006-679, as amended by Order 2009-910, shall be maintained.

7.The allocation factors contained on page 4 of Ms. Elliott's direct testimony are appropriate and should be used for cost of gas calculations beginning with the first billing cycle of January 2021.

8.DESC shall continue to charge and recover carrying costs, if applicable, on the cumulative total (over)/under collection balances in the same method and with the same limitations as set forth by the Commission in Docket No. 2006-5-G, Order No. 2006-679. In the event of an over-collection balance, carrying costs shall be credited to customers.

9.The actual balance in the Company’s unbilled gas cost adjustment account shall continue to be applied to the PGA (over)/under collection calculation, and the Company shall consider this unbilled gas cost adjustment account in all future PGA calculations. Future monthly adjustments shall continue to be applied to the demand component of the cost of gas factor.

10.This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:

Justin T. Williams, Chairman

ATTEST:

Jocelyn G. Boyd, Chief Clerk

(SEAL)

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2020-5-G
October 22, 2020

IN RE:

Annual Review of Purchased Gas Adjustment)
 and Gas Purchasing Policies of Dominion)
 Energy South Carolina, Incorporated)
 _____)

STIPULATION

This Stipulation is made by and between the South Carolina Office of Regulatory Staff (“ORS”) and Dominion Energy South Carolina, Incorporated (“DESC” or “Company”) (collectively referred to as the “Parties” or sometimes individually as “Party”);

WHEREAS, on June 11, 2020, the Public Service Commission of South Carolina (“Commission”) issued a Notice of Hearing and Pre-file Testimony Deadlines for the 2020 Annual Review of Purchased Gas Adjustment and Gas Purchasing Policies (“PGA”) of DESC;

WHEREAS, the purpose of this proceeding is to review matters related to DESC’s gas purchasing practices and policies, administration of its purchased gas adjustment, and the recovery of its gas costs;

WHEREAS, the period under review in this docket is August 1, 2019, through July 31, 2020 (“Review Period”);

WHEREAS, ORS examined the books and records of DESC and conducted inquiries and analyses related to the Company’s gas purchasing practices and policies, administration of its purchased gas adjustment, and the recovery of its gas costs for the Review Period;

WHEREAS, ORS determined that during the Review Period, DESC: a) properly administered the purchased gas adjustment and correctly adjusted the gas cost recovery factors for each customer class in accordance with the terms of Commission Order No. 2006-679 as modified by Commission Order No. 2009-910; b) employed prudent gas purchasing practices and policies; c) recovered its gas costs consistent with applicable tariffs and Commission orders; and d) was prepared during the Review Period and is currently prepared to meet its firm customers' projected needs via its future supply and capacity asset plans;

WHEREFORE, the Parties have engaged in discussions and in the spirit of compromise, the Parties hereby stipulate and agree to the following terms and conditions:

1. The Parties agree to stipulate into the record before the Commission this Stipulation. The Parties further agree to stipulate into the record without cross-examination the pre-filed direct testimony and exhibits of Company witnesses Rose M. Jackson and Rachel R. Elliott, and ORS witness Daniel F. Sullivan as well as pre-filed direct testimony of Company witness Felicia D. Howard and ORS witness Anthony M. Sandonato. Furthermore, each witness will take the stand to present his or her testimony and, if necessary, make non-material changes to their testimony comparable to those that would be presented via an errata sheet or through a witness noting a correction. The Parties reserve the right to engage in the redirect examination of their witnesses as necessary to respond to any issue raised during the examination of their witnesses by the Commission. With respect to this Stipulation, Company Witness Jackson is the witness designated to be primarily responsible for providing support for the Stipulation at the hearing scheduled in this case.

2. For the purpose of setting the gas cost recovery factors, the Parties accept the calculations of the purchased gas adjustment (over)/under collections for the Review Period, set forth in Stipulation Exhibit No. 1 attached hereto (Exhibit No. ____ (RRE-1)).

3. The Parties agree to maintain the monthly adjustment procedure and notification procedure for the total cost of gas factors as adopted in Commission Order No. 2006-679 as modified by Commission Order No. 2009-910.

4. The Parties acknowledge the demand charges included in the total cost of gas factor will continue to be calculated as set forth in Commission Order No. 2006-679 in Docket No. 2006-5-G by distributing such costs among the rate schedules based upon a 50-50 allocation of peak design day demand and annual forecast sales. The Parties agree that the allocation factors contained on page 4 in Company Witness Elliott's pre-filed direct testimony (Residential 66.66%; Small General Service/Medium General Service 28.60%; and Large General Service 4.74%) are appropriate and should be used for the demand cost of gas calculations beginning with the first billing cycle of January 2021.

5. As part of this Stipulation, the Parties agree that DESC shall continue to charge and recover carrying costs, if applicable, on the cumulative total (over)/under-collection balances in the same method and with the same limitations as set forth in Commission Order No. 2006-679 in Docket No. 2006-5-G.

6. ORS is charged by law with the duty to represent the public interest of South Carolina pursuant to S.C. Code Ann. § 58-4-10(B). S.C. Code Ann. § 58-4-10(B) reads in part as follows:

For purposes of this chapter only, "public interest" means the concerns of the using and consuming public with respect to public utility services, regardless of the class of customer, and preservation of continued investment in and maintenance of utility facilities so as to provide reliable and high-quality utility services.

ORS believes this Stipulation reached among the Parties serves the public interest as defined above.

7. The Parties agree to advocate that the Commission accept and approve this Stipulation in its entirety. The Parties agree to use reasonable efforts to defend and support any Commission order issued approving this Stipulation and the terms and conditions contained herein.

8. The Parties agree that signing this Stipulation will not constrain, inhibit, impair, or prejudice their arguments or positions held in other collateral proceedings, nor will it constitute a precedent or evidence of acceptable practice in future proceedings. If the Commission declines to approve the Stipulation in its entirety, then any Party desiring to do so may withdraw from the Stipulation without penalty or obligation.

9. This Stipulation shall be interpreted according to South Carolina law.

10. The Parties represent that the terms of this Stipulation are based upon full and accurate information known as of the date this Stipulation is executed. **If, after execution, but prior to a Commission decision on the merits of this proceeding, a Party is made aware of information that conflicts, nullifies, or is otherwise materially different than that information upon which this Stipulation is based, that Party may withdraw from the Stipulation with written notice to every other Party.**

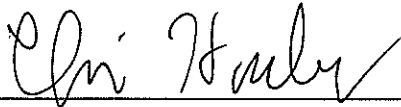
11. **The above terms and conditions fully represent the agreement of the Parties hereto. Therefore, each Party acknowledges its consent and agreement to this Stipulation by affixing its signature or by authorizing its counsel to affix his or her signature to this document where indicated below. Counsel's signature represents his or her representation that his or her client has authorized the execution of the agreement. Facsimile signatures and e-mail signatures shall be as effective as original signatures to bind any Party. This document may be signed in counterparts, with the various signature pages combined with the body of the document constituting an original and**

provable copy of this Stipulation. The Parties agree that in the event any Party should fail to indicate its consent to this Stipulation and the terms contained herein, then this Stipulation shall be null and void and will not be binding on any Party.

[SIGNATURES ON THE FOLLOWING PAGES]

WE AGREE:

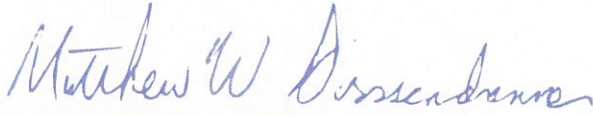
Representing South Carolina Office of Regulatory Staff



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WE AGREE:

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Stipulation Exhibit 1

Exhibit No.__(RRE-1)

**DOMINION ENERGY SOUTH CAROLINA, INC.
PURCHASED GAS ADJUSTMENT
ACTUAL (OVER)/UNDER COLLECTION**

| | <u>COMM. COST PER THERM</u> (COL. 1) | <u>BILLING COMM. COST PER THERM</u> (COL. 2) | <u>DIFFERENCE</u> (COL. 3) (1-2) | <u>FIRM SALES THERMS</u> (COL. 4) | <u>COMMODITY (OVER)UNDER COLLECTION</u> (COL. 5) (3x4) | <u>DEMAND (OVER)UNDER COLLECTION</u> (COL. 6) | <u>TOTAL (OVER)UNDER COLLECTION</u> (COL. 7) (5+6) | <u>CUMULATIVE (OVER)UNDER COLLECTION</u> (COL. 8) |
|--------|---|---|--|--|--|--|--|--|
| | | | | | | | BEGINNING BALANCE | \$14,683,872 |
| AUG 19 | \$0.22746 | \$0.32804 | (\$0.10058) | 9,056,157 | (\$1,109,198) | \$2,575,556 | \$1,466,358 | \$16,150,230 |
| SEP 19 | \$0.25774 | \$0.32804 | (\$0.07030) | 8,338,393 | (\$574,083) | \$206,203 | (\$367,880) | \$15,782,350 |
| OCT 19 | \$0.30708 | \$0.32804 | (\$0.02096) | 8,988,084 | (\$261,204) | \$5,228,914 | \$4,967,710 | \$20,750,060 |
| NOV 19 | \$0.55867 | \$0.32804 | \$0.23063 | 17,070,532 | \$3,899,725 | (\$3,839,258) | \$60,467 | \$20,810,527 |
| DEC 19 | \$0.30218 | \$0.32804 | (\$0.02586) | 35,017,111 | (\$1,084,960) | (\$6,882,165) | (\$7,967,125) | \$12,843,402 |
| JAN 20 | \$0.28317 | \$0.32804 | (\$0.04487) | 35,484,721 | (\$2,204,850) | (\$7,614,969) | (\$9,819,818) | \$3,023,584 |
| FEB 20 | \$0.23084 | \$0.25428 | (\$0.02344) | 37,044,884 | (\$956,230) | (\$512,678) | (\$1,468,908) | \$1,554,676 |
| MAR 20 | \$0.14143 | \$0.25428 | (\$0.11285) | 32,239,496 | (\$3,709,999) | \$5,086,036 | \$1,376,037 | \$2,930,712 |
| APR 20 | \$0.17356 | \$0.25428 | (\$0.08072) | 13,107,052 | (\$687,726) | \$3,846,945 | \$3,159,219 | \$6,089,931 |
| MAY 20 | \$0.17207 | \$0.24185 | (\$0.06978) | 10,714,794 | (\$605,541) | \$2,516,942 | \$1,911,401 | \$8,001,333 |
| JUN 20 | \$0.15415 | \$0.24185 | (\$0.08770) | 9,588,810 | (\$693,242) | \$3,379,964 | \$2,686,722 | \$10,688,055 |
| JUL 20 | \$0.09689 | \$0.24601 | (\$0.14912) | 8,933,612 | (\$1,329,984) | \$1,856,025 | \$526,041 | \$11,214,096 |